

EXHIBIT 1

Direct Testimony of Mark A. Wayne

OFFICIAL FILE

I.C.C. DOCKET NO. 00 3571
Applicant's Exhibit No. 3
Witness Mark A. Wayne
Date 7/19/00 Reporter 166

BullsEye Telecom, Inc.
Direct Testimony of Mark A. Wayne
Application for Certificate of Authority from the ICC

DIRECT TESTIMONY OF Mark A. Wayne

1. **Q. Please state your name and business address.**

A. Mark A. Wayne
 BullsEye Telecom, Inc.
 26935 Northwestern Highway, Suite 520
 Southfield, MI 48034

2. **Q. What is your position with Applicant?**

A. I am the President of BullsEye Telecom, Inc. (hereinafter "BullsEye").

3. **Q. What are your principal responsibilities with BullsEye?**

A. My principal responsibilities with BullsEye include responsibility for the day to day operations of BullsEye. I am charged with all personnel decisions, buy versus build decisions, billing, operations, information technology, customer service, marketing and sales. I am responsible for ensuring that BullsEye complies with all regulatory and legal requirements.

BullsEye Telecom, Inc.

Direct Testimony of Mark A. Wayne

Application for Certificate of Authority from the ICC

4. Q. Please describe your background and professional experience.

A. I have spent that last 15 years of my career in the telecommunications industry. I joined Michigan Bell Telephone in 1984 just after divestiture, as a Systems Analyst in the regulatory department. I spent 3 years mechanizing the various systems used in capital recovery. In 1987, I was promoted to Staff Manager of Outside Plant assets. I represented Michigan Bell at the meetings with the Michigan Public Service Commission (MPSC) and Federal Communications Commission (FCC). In 1989, I accepted a position as Tariff Manager for the local exchange products. I continued working in various assignments of legal and regulatory focus until 1994, when I accepted a position with a newly formed Ameritech business unit, Ameritech Information Industry Services (AIIS). From 1993-1997, I managed various AIIS Marketing teams responsible for the creation and implementation of unbundled network elements and resale services.

In 1997, I resigned from Ameritech and accepted a position with MIDCOM Communications, where I was responsible for development of local service offerings, regulatory certification and interconnection agreements with incumbent local exchange carriers. In 1998, I left MIDCOM to accept a position of Vice President of Carrier and market Relations with USN Communications. I continued in that

capacity until February 1999 when I joined the Total Access Telecommunications team.

5. Q. What is the purpose of your testimony in this proceeding?

A. I am offering testimony in support of BullsEye's Application for a certificate of service authority to provide local exchange services in Ameritech of Illinois' ("Ameritech") service areas throughout Illinois and those portions of the Chicago Market Service Area ("MSA-1") served by Central Telephone Company of Illinois ("Centel").

6. Q. Please summarize the main subject areas addressed your testimony.

A. My testimony focuses on the following areas of concern to the Illinois Commerce Commission ("ICC" or "Commission"):

- (a) A description of BullsEye's technical, managerial, and financial qualifications to provide telecommunications services in Illinois;
- (b) A discussion of the de minimis impact on Ameritech throughout Illinois and Centel in MSA-1;

BullsEye Telecom, Inc.

Direct Testimony of Mark A. Wayne

Application for Certificate of Authority from the ICC

- (c) An explanation of BullsEye's authority in Illinois, the benefits to the public and the industry, and a description of the general types of services BullsEye proposes to offer in Illinois; and
- (d) A discussion of various regulatory and policy issues including regulatory matters regarding our waiver or variance requests.

7. Q. Can you please describe the Applicant's general qualifications.

A. BullsEye is organized under the laws of the State of Michigan. The corporate headquarters for BullsEye is located in Southfield, Michigan at 26935 Northwestern Highway, Suite 520. Management personnel have extensive experience in the technical, managerial, and financial aspects of the telecommunications industry.

8. Q. Can you describe the technical aspects and services of BullsEye's proposal in its Application?

A. Yes. BullsEye plans to initially offer local exchange services to business and residential customers located in Ameritech's service territories in Illinois and to customers in those portions of MSA-1 served by Centel. Services to be offered include, but will not be limited to:

BullsEye Telecom, Inc.

Direct Testimony of Mark A. Wayne

Application for Certificate of Authority from the ICC

- (i) local exchange access services to single-line and multi-line customers at various points in the specified service areas;
- (ii) local exchange usage services to customers of BullsEye's end-user access services; and
- (iii) switched carrier access services to other common carriers.

These services will be offered through dial-tone access to the switched public telecommunications network and are likely to be equipped with various additional features and functions. Specifically, BullsEye intends to initiate local service by offering the following local exchange access services under a competitive tariff classification:

- (i) basic two way local lines and trunks;
- (ii) analog private branch PBX trunk access;
- (iii) direct inward & outward dialing;
- (iv) digital PBX and DID access;
- (v) centrex and centrex-related system lines;
- (vi) dual party relay service;
- (vii) 911 Emergency Services;
- (viii) directory assistance and operated assisted calls; and
- (ix) toll-free calling.

BullsEye Telecom, Inc.

Direct Testimony of Mark A. Wayne

Application for Certificate of Authority from the ICC

9. Q. Can you please elaborate on the access and routing of these services?

A. Yes. BullsEye intends to offer switched carrier access services for telecommunications traffic between BullsEye customers and users of other telecommunications systems. This would include terminating access to enable other common carriers to terminate traffic through end-user access services offered by BullsEye. Also, originating access would be included to allow BullsEye customers to access the interMSA, interstate, and international calling services. All of these services will be ubiquitous and seamless to users of BullsEye's system.

10. Q. Does BullsEye possess sufficient managerial and technical resources and qualifications to provide all of the services requested in its Application for Section(s) 13-403, 13-404, and 13-405 authority?

A. Yes. BullsEye has sufficient managerial and technical resources and qualifications to provide the services contemplated herein.

11. Q. Can you please elaborate specifically with regard to BullsEye's senior management's technical and managerial expertise?

A. I believe that BullsEye has the technical and managerial qualifications to offer interexchange and exchange telecommunications services throughout Illinois to

BullsEye Telecom, Inc.
Direct Testimony of Mark A. Wayne
Application for Certificate of Authority from the ICC

customers in Ameritech's service areas statewide and exchange services within the portions of MSA-1 where Centel is the principal provider of telecommunications services. Exhibit D of the Application details the professional telecommunications experience of BullsEye's senior management.

12. Q. Does BullsEye possess the requisite financial qualifications and resources to offer telecommunications services in Illinois?

A. Yes. BullsEye has the necessary capital to offer the proposed services. The financial ability and strength of BullsEye to offer the above services is exhibited in the balance sheet attached to the Application as Exhibit E.

13. Q. What facilities will BullsEye use to provide the proposed telecommunications services in Illinois?

A. BullsEye plans to provide local exchange services through resold facilities from existing carriers and where economics and necessity demand facilities to be built.

14. Q. Will granting the Application by the ICC adversely affect the prices, financial viability or prices of Ameritech throughout Illinois or Centel in MSA-1?

A. No. The Commission has determined in prior Section 13-405 cases that exercise of the Certificate of Authority to offer telecommunications exchange service will not adversely affect the prices, network design, or the financial viability of the existing dominant carriers in Illinois or in MSA-1. Also, BullsEye's *de minimis* size in comparison to Ameritech throughout Illinois and Centel in its MSA-1 territory clearly reveals that BullsEye's provision of telecommunications service will not adversely affect prices, network design or the financial viability of Ameritech statewide or Centel in MSA-1. Indeed, the pattern which has repeatedly emerged in other monopoly telecommunications markets has been one of general reductions in price coupled with improved quality, expanded product and service capabilities, and stimulation of aggregate demand for services and products supplied by all providers, including the incumbent providers. These favorable product and service price impacts have benefitted consumers in the form of lower prices and increased choice, utility, and satisfaction. Incumbent providers have benefitted from market incentives to improve the efficiency of their operations and from increased usage of their services due to expansion of the total market spurred by competition and lower

prices. Additionally, as competition has driven telecommunications prices downward, businesses have seen parallel reductions in their own operating costs.

15. Q. Is BullsEye's Application consistent with serving the public interest in the provision of telecommunications customers?

A. Absolutely. The Commission's grant of this certificate is in the public interest because residential and business consumers of telecommunications services in Illinois will receive increased choice, improved quality of service, and heightened opportunities to obtain improved technology in the homes and businesses. Market incentives for new and old telecommunications providers in Illinois will be improved greatly through an increase in the diversity of suppliers and competition within the local exchange telecommunications market. Consistent with the Illinois Commerce Commission's and the Act's intent to aid in the development of a competitive telecommunications environment in Illinois, BullsEye's request for certificate of authority will offer increased efficiency to the State's telecommunications infrastructure through greater reliability of services and an increase in competitive choices. These points are highlighted in BullsEye's Application in this case.

16. Q. Who will be providing local exchange access to services typically supplied by incumbent carriers?

A. Local exchange provision of service including 411 Directory Assistance, 911 Emergency Assistance, Emergency Interrupt Service (given significant market demand), and Busy Line Verification (given significant market demand) will be supplied through arrangements with the incumbent LECs, Ameritech, and Centel. Moreover, the 911 services will be seamless and transparent to all municipalities and townships offering this emergency service. There will be no customers or public officials and agencies experiencing significant changes or additional costs in relation to the provision of 911 Emergency Assistance.

17. Q. Is BullsEye requesting any waivers from the ICC in relation to the proposed certificate?

A. Yes. BullsEye is requesting waiver, modification, or a variance of particular Commission rules, general orders, procedures, and notice requirements. It is my understanding that this is consistent with Section 13-402 and the policies of Article XIII of the Act. Overall, granting waiver, modification, or a variance, as applicable, of the above would decrease the economic burdens of regulation upon BullsEye and the public. BullsEye specifically requests waiver of the following provisions of 83

Ill. Admin. Code 710, and a variance from 83 Ill. Admin. Code 735.180. Waiver of these sections have been traditionally granted by the Commission. The Commission should note that, in the regular course of business, BullsEye will maintain its records in accordance with Generally Accepted Accounting Principles ("GAAP").

18. Q. Do you have anything to add in regards to specific criteria for the Commission to grant a waiver, modification, or variance of the above sections?

A. Yes. BullsEye requests a waiver of Part 710 requiring use of charts of accounts (e.g. ICC's Uniform System of Accounts ("USOA")) and particular accounting methods through an affirmative showing required in Part 710. Generally, BullsEye will follow GAAP accounting methods that facilitate consistent recording of financial data pursuant to generally accepted accounting principles. In particular, BullsEye fulfills the criteria in Part 710. First, the existing peculiarities or circumstances warrant a departure from USOA and a waiver from Part 710 is justified because BullsEye is a competitive telecommunications carrier operating its business in increasingly competitive industry. Marketplace competition in the offering of facilities-based switched exchange services is in the developmental stage in Illinois and additional accounting procedures that are substantially similar to USOA methods is duplicate and unnecessarily costly. Moreover, strict compliance with Part 710 is

BullsEye Telecom, Inc.

Direct Testimony of Mark A. Wayne

Application for Certificate of Authority from the ICC

inconsistent with the Act and the ICC's intent to reduce regulatory burdens. Second, BullsEye maintains a specific alternative to USOA as it will follow GAAP standards. The Commission will have ongoing regulatory oversight of BullsEye's accounting books and records under substantially the same circumstances as the ICC reviews and oversees USOA of dominant telecommunications carriers today. GAAP procedures and methods will accurately illustrate and reveal the financial condition of BullsEye. The Commission may review BullsEye's financial books and records at any time for regulatory purposes. BullsEye's system of accounting is substantially similar and an equivalent portrayal of its operations and financial condition. Again, strict compliance with Part 710 would require BullsEye to alter its accounting practices and would lead to increased costs and decreased efficiency in the provision of our core business, telecommunications. Lastly, BullsEye will maintain uniformity among companies in its tracking of accounts, thus, BullsEye's accounts will be uniform with other new entrants. BullsEye's accounting methods offer a uniform approach for the ICC to monitor BullsEye's operations. Also, BullsEye requests that the Commission grant a variance from Part 735.180. BullsEye intends to include customers in incumbent directories to meet the requirements of this part through listing customers telephone numbers with incumbent local carriers in their respective telephone directories. Listing customers names, numbers, and addresses in

BullsEye Telecom, Inc.

Direct Testimony of Mark A. Wayne

Application for Certificate of Authority from the ICC

directories has already been discussed with the incumbent carriers and will be an element of BullsEye's provision of telecommunications services.

19. Q. Does BullsEye request a waiver from Part 300 of the Illinois Administrative Code, 83 Ill. Admin. Code Part 300?

A. No. At this time, we do not request a waiver of 83 Ill. Admin. Code Part 300, "Guidelines for Right-Of-Way Acquisitions". Also, BullsEye intends to comply with 83 Ill. Admin. Code Part 780, "Right-Of-Way Pre-condemnation Requirements By Telephone Companies". BullsEye reserves the right to comply with evolving industry laws, regulations, and standards for competitive carriers.

20. Q. Will BullsEye sign and return to the Illinois Telecommunications Access Corporation ("ITAC") all of the necessary membership forms in a timely manner?

A. Yes. BullsEye will sign and return to ITAC membership forms on time. BullsEye intends to comply with applicable laws and regulations.

21. Q. Will BullsEye collect and remit to ITAC the line charge amount collected monthly from all telephone subscribers for the TTY Equipment Loan Program and Telecommunications Relay Service ("TRS")?

A. Yes. BullsEye will collect and remit to ITAC the line charges collected monthly from the TTY Loan Program and TRS. BullsEye intends to comply with applicable laws and regulations.

22. Q. Will BullsEye meet the requirements of Sections 13-703, 13-301, and 13-301.1 of the Public Utilities Act ("Act")?

A. Yes. BullsEye will meet the requirements of Section 13-703, 13-301, and 13-301.1 of the Act. BullsEye intends to comply with applicable laws and regulations relating to universal service and deaf and hearing voice impaired telecommunications service. Also, BullsEye will comply with standards and subsequent regulatory rules that result from the ICC workshop pertaining to universal service.

23. Q. Will BullsEye follow the regulations as prescribed in 83 Illinois Administrative Code Part 755, "Telecommunications for Hearing and Voice Impaired", and Part 756, "Telecommunications Relay Service"?

A. Yes. BullsEye will follow the regulations prescribed in 83 Ill. Admin. Code Parts 755 & 756. BullsEye intends to comply with applicable laws and regulations.

24. Q. Will BullsEye follow the regulations as prescribed in 83 Ill. Admin. Code Part 757, "Telephone Assistance Programs"?

A. Yes. BullsEye will follow the regulations in 83 Ill. Admin. Code Part 757. BullsEye intends to comply with applicable laws and regulations.

25. Q. Will BullsEye sign and return to the Universal Telephone Assistance Corporation ("UTAC") the necessary membership forms in a timely manner?

A. Yes. BullsEye will return the UTAC membership forms in a timely manner. BullsEye intends to comply with applicable laws and regulations.

26. Q. Will BullsEye offer the 50% waiver (up to \$30) on the installation charge for the Lifeline Program?

A. Yes. BullsEye will offer the 50% waiver up to \$30.00 for installation charge pertaining to the Lifeline Program.

27. Q. Will BullsEye collect and remit to UTAC the amount collected monthly from all the telephone subscribers to support the Universal Telephone Service Assistance Program ("UTSAP")?

A. Yes. BullsEye will collect and remit to UTAC amounts collected from all UTSAP subscribers. BullsEye intends to comply with applicable laws and regulations.

28. Q. Is BullsEye prepared to handle 9-1-1 traffic in the affected areas pursuant to the Emergency Telephone System Act ("ETSA") and 83 Ill. Admin. Code Part 725?

A. Yes. BullsEye will negotiate arrangements with Ameritech and Centel to route the traffic through the LECs' existing tandem switches serving each Public Safety Answering Point ("PSAP"). Upon BullsEye obtaining local switches, BullsEye will route 9-1-1 traffic through the local switches so that the traffic is routed in the same manner as the incumbent LECs' 9-1-1 traffic. BullsEye intends to comply with applicable laws and regulations. BullsEye is prepared to handle 9-1-1 traffic pursuant to ETSA and 83 Ill. Admin. Code 725. BullsEye plans to route 9-1-1 traffic to PSAP serving caller locations. Automatic Number Identification ("ANI") and Automatic Line Information ("ALI") will be routed along with the call. Also, BullsEye will be able to route 9-1-1 traffic to one or more PSAP through direct

trunks that BullsEye plans to install. Overall, 9-1-1 traffic will be routed and will meet all Illinois Commerce Commission requirements.

29. Q. Will BullsEye's customers receive the same quality of 9-1-1 service that they are currently offered from incumbent LECs? That is to say will customers receive the same delivery of Automatic Number Identification ("ANI"), Automatic Location Identification ("ALI"), and the design of the 9-1-1 system that meets P.01 grade of service standards as required by 83 Ill. Admin. Code Part 725?

A. Yes. As stated in response to Question 28, BullsEye intends to negotiate with incumbent LECs for 9-1-1 services. The 9-1-1 services provided with resale and facilities-based local exchange services will be equivalent to that provided by Ameritech and Centel. Thus, all of BullsEye's customers will be provided 9-1-1 services which will be delivered by ANI, ALI, and its design will meet 83 Ill. Admin. Code Part 725.

BullsEye Telecom, Inc.

Direct Testimony of Mark A. Wayne

Application for Certificate of Authority from the ICC

30. Q. How does BullsEye intend to bill each 9-1-1 system for features associated with 9-1-1, i.e. Automatic Number Identification ("ANI"), Automatic Location Identification ("ALI") and Selective Routing? How does BullsEye propose to bill each 9-1-1 system for networking and dedicating 9-1-1 trunks for the 9-1-1 systems?

A. As stated hereinbefore, BullsEye intends to route calls to the Public Safety Answering Point ("PSAP") serving customer locations which will also be routed with ANI and ALI. Based upon negotiated arrangements with Ameritech and Centel, 9-1-1 calls will be routed through Ameritech and Centel tandem switches and, upon becoming facilities-based, BullsEye will route the 9-1-1 traffic through BullsEye switches. The 9-1-1 traffic will be handled in a parallel manner as Ameritech and Centel carry 9-1-1 traffic today. Moreover, BullsEye intends to negotiate use of the existing 9-1-1 databases used by the incumbent LECs. To ensure stability in the 9-1-1 system, sharing the existing databases, rather than building a new database, is the most efficient approach to a smooth transition for customers.

31. Q. How does BullsEye propose to bill each 9-1-1 system for building the 9-1-1 database if they determine that sharing the incumbent LEC's database is not feasible? Who will incur the costs associated with the 9-1-1 database? How will these costs be determined?

A. BullsEye believes that negotiated use of incumbent LEC 9-1-1 databases will be feasible. Upon determining the non-feasibility of accessing incumbent LEC 9-1-1 services and features, BullsEye can provide the ICC with additional information to supplement this answer.

32. Q. Will BullsEye file tariffs for all services and charges associated with 9-1-1 including, but not limited to, 9-1-1 database charges and 9-1-1 dedicated trunking charges pursuant to 83 Ill. Admin. Code Part 725, Section 725.502?

A. Yes. BullsEye intends to comply with 83 Ill. Admin. Code Part 725.502 (a) pertaining to the filing of tariffs for 9-1-1 Telecommunications Service(s).

33. Q. How are the inter-machine trunk lines, from the Company's switch to the LEC switch, envisioned to be charged to the 9-1-1 system?

BullsEye Telecom, Inc.

Direct Testimony of Mark A. Wayne

Application for Certificate of Authority from the ICC

A. BullsEye incorporates its previous responses. Due to the fact that BullsEye has not developed or mapped its telecommunications system in Ameritech's territory or in Centel's MSA-1 territory, BullsEye is unable to provide the ICC with specific information pertaining to the inter-machine trunk line(s) charges or billing for 9-1-1 services. Once BullsEye's system is developed and mapped, BullsEye will be able to provide this information.

34. Q. Does BullsEye have procedures in place or will procedures be developed so that the transition, if any, of 9-1-1 surcharge collection and disbursement to the local 9-1-1 system(s) and network changes will be transparent to all parties involved?

A. BullsEye intends to develop procedures to secure the accurate transition of collection and disbursement of 9-1-1 surcharges and network changes that are transparent to all parties involved.

35. Q. Will BullsEye's proposal require any network changes to any of the 9-1-1 systems located in the affected areas?

A. No. BullsEye incorporates by reference its response to Questions 28 - 36 herein.

36. Q. When a 9-1-1 call is dialed it will be sent through BullsEye's network and switch and routed to the incumbent LEC's network where it will be routed to the appropriate PSAP. Will there be an additional call set-up time factor when the call is routed through the Company's network and switch? How much time would be added to the 9-1-1 call from the beginning of the call until the call is answered at the PSAP?

A. There should not be an additional call set-up time factor when a call is routed to the appropriate PSAP. Calls routed over BullsEye's network to an incumbent's network and to the appropriate PSAP will not exhibit additional call set-up time factors when compared to routing a call on an incumbent LEC's network and end-office switch to the appropriate PSAP.

37. Q. Does this conclude your Direct Testimony?

A. Yes it does.